



# KENTUCKY DEPARTMENT OF EDUCATION

## NEWS RELEASE

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### **COMMISSIONER WARNS OF DEVASTATING FEDERAL FUNDING IMPACT**

(FRANKFORT, Ky.) – Today, Kentucky Education Commissioner Terry Holliday warned school district superintendents of the negative consequences of an upcoming federal spending reduction process that includes sequestration, or the cancellation of budgetary resources.

“These spending reductions will have a devastating effect on Kentucky’s public school budgets,” said Holliday. “Without any federal legislative action to address the cuts, they will begin as early as January 2013 and continue through 2021. They will have a direct impact on jobs, students and the abilities of districts to provide services through federal programs.

“We are reviewing the timing of the reductions and will provide support and assistance to school district leaders,” Holliday said. “Meanwhile, I encourage school officials to monitor the situation closely, plan and conservatively budget. They also may wish to reach out to their U.S. Congressional delegations.”

According to calculations from the Congressional Budget Office ([CBO](#)) and the Center on Budget and Policy Priorities ([CBPP](#)), federal funding for Kentucky’s public schools will be reduced up to \$61 million per year for the next 10 years, affecting more than 1,350 jobs and nearly 130,000 students. The CBO predicts 7.8 percent cuts, and the CBPP predicts 8.4 percent cuts. These reductions will impact funding for Fiscal Year 2013, which begins Oct. 1, 2012.

Final federal allocations for Fiscal Year 2013 for individual school districts are unknown at this time. The Kentucky Department of Education will provide updated information as it becomes available.

The National Education Association (NEA) produced a document showing the annual effect of sequestration on federal funding for states. Kentucky’s figures are below. The full document can be seen at [http://www.nea.org/assets/docs/Impact\\_of\\_Sequestration\\_on\\_Federal\\_Education\\_Programs\\_Reformatted\\_06-26-12.pdf](http://www.nea.org/assets/docs/Impact_of_Sequestration_on_Federal_Education_Programs_Reformatted_06-26-12.pdf).

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Program	Federal Source	CBO Estimate For Kentucky	CBPP Estimate For Kentucky	Students Affected	Jobs Lost
Local Education Agency Grants	Title I-A	\$17,000,000	\$18,000,000	31,000	330
School Improvement Grants	ESEA, section 1003g	\$650,000	\$700,000	5,700	13
Migrant	ESEA, section 1-D	\$688,000	\$741,000	540	13
Impact Aid	ESEA VIII, Section 8003(b)	\$53,000	\$57,000	760	1
Teacher Quality	Title II-A	\$2,900,000	\$3,200,000	n/a	50
21st Century Community Learning Centers	Title IV-B	\$1,400,000	\$1,500,000	2,460	40
Homeless	Title VII-B	\$75,000	\$81,000	1,740	1
Rural Education	Title VI-B	\$455,000	\$490,000	18,310	9
English Language	Title III-A	\$292,000	\$314,000	1,900	6
Special Education	IDEA Part B 611	\$12,400,000	\$13,400,000	7,170	240
Special Education	IDEA Preschool 619	\$781,000	\$841,000	1,510	15
Special Education	IDEA Infants Part C	\$455,000	\$490,000	400	9
Vocational Rehabilitation	Title I-A & Title I-C	\$4,600,000	\$4,600,000	1,840	35
Career Technical	CTEA Title I	\$1,500,000	\$1,600,000	16,620	27
Adult and Basic	AEFLA & WIA	\$708,000	\$763,000	3,530	15
Supplemental Ed	HEA IV-A-3	\$757,000	\$815,000	21,830	8
Federal Work Study	HEA IV-C	\$1,100,000	\$1,200,000	10,100	12
Federal Trio	HEA IV-A-2	\$1,600,000	\$1,700,000	1,740	18
Head Start	HSA section 639	\$9,800,000	\$10,600,000	1,410	510
<b>Kentucky Total</b>		<b>\$57,214,000</b>	<b>\$61,092,000</b>	<b>128,560</b>	<b>1,352</b>
<b>National Total</b>		<b>\$4,500,000,000</b>	<b>\$4,800,000,000</b>	<b>9,345,800</b>	<b>80,480</b>

ESEA = Elementary and Secondary Education Act

IDEA = Individuals with Disabilities Education Act

CTEA = Career and Technical Education Act

AEFLA = Adult Education and Family Literacy Act

WIA = Workforce Investment Act

HEA = Higher Education Act

HAS = Head Start Act

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This spending reduction will occur because the Joint Select Committee on Deficit Reduction did not produce a bill identifying federal budgetary savings of at least \$1.2 trillion over ten years (2012-2021). That triggered an automatic spending reduction process that includes sequestration to take effect on January 2, 2013, as stipulated in the Budget Control Act of 2011.

Auburn University's [\*A Glossary of Political Economic Terms\*](#) describes "sequestration" as:

... a new fiscal policy procedure originally provided for in the Gramm-Rudman-Hollings Deficit Reduction Act of 1985 ... If the dozen or so appropriation bills passed separately by Congress provide for total government spending in excess of the limits Congress earlier laid down for itself in the annual Budget Resolution, and if Congress cannot agree on ways to cut back the total (or does not pass a new, higher Budget Resolution), then an "automatic" form of spending cutback takes place. This automatic spending cut is what is called "sequestration." Under sequestration, an amount of money equal to the difference between the cap set in the Budget Resolution and the amount actually appropriated is "sequestered" by the Treasury and not handed over to the agencies to which it was originally appropriated by Congress.

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